Central Excise duty on art silk processing industry

2401 SHRI M. S. GURUPADASWAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Central excise duty is levied on the art silk processing industry;

(b) whether Government have been collecting excise duty from filament fabrics and also from spun fabrics separately;

(c) whether this separate collection has resulted in loss of revenue; and

(d) whether the Maharashtra Pradesh Fabric Processing Association has made a plea for a fresh appraisal of the excise duty levy system?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Processed man-made fabrics are fully exempted from basic excise duty. However, additional excise duty in lieu of sales tax is leviable on such fabrics.

(b) and (c) No distinction is made in the rates of excise duty on synthetic fabrics on the ground that such fabrics are made of filament yarn or spun yarn.

(d) The Maharashtra Pradesh Fabric Processing Association have, in their representation, suggested that the duty leviable on synthetic fabrics may be shifted to the yarn stage.

Show cause notices issued to the North Eastern Tobacco Company

2402. DR. BAPU KALDATE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some cigarette manufacturing companies have been carrying on manufacturing business without proper licence; if so, what are their details;

(b) whether it is also a fact that several show cause notices have been served on Mizoram based North Eastern Tobacco (NET) company by Central Excise;

(c) what are the reasons for issuance of these show cause notice; and what is the outcome of these notices; and

(d) what are the reasons for not taking any penal action against the North Eastern Tobacco (NET)?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) to (d) One case relating to M/s. North Eastern Tobacco Company, Mizoram (alleged to be a dummy unit of M/s. G.T.C. Industries Ltd.) has come to the notice of the Government where the Company was manufacturing cigarettes without possessing any Central Excise manufacturing licence. M/s. North Eastern Tobacco Company manufactured and cleared without payment of duty and without possessing any Central Excise licence 881 CFC's of cigarettes during the period 5-10-87 to 31-10-87.

M/s. G.T.C. Industries Ltd. have filled a Writ Petition before the Calcutta High Court against summons and investigations by the Central Excise Officers of Shillong Collectorate. A title suit has also been filed in the Court of the Additional Deputy Commissioner (Judicial) Aizwal for declaring that the Central Excise and Salt Act, 1944 is not applicable to the territories now comprising the State of Mizoram. An injunction was obtained from the Additional Deputy Commissioner (Judicial), Aizwal against further proceedings. The Central Excise Department took up the matter before the Guwahati High Court and finally the Supreme Court, and with the permission of the Supreme Court show cause notices have been served on M/s. G.T.C. Industries Ltd., M/s North Eastern Tobacco Company and 35 others on 24-4-1988. The Supreme Court has also observed that the question of applicability of